

**“Building Institutions for Good Governance”
Local Government Support and Partnership Program
Quarterly Report
January 1, 2001 – March 31, 2001**

Prepared for:
USAID/Jakarta – Office of Democracy and Local Governance

May 30, 2001

International City/County Management Association

Graha Iskandarsyah, 5th Floor
Jl. Iskandarsyah Raya No.66
Kebayoran Baru
Jakarta Selatan 12160
Indonesia

and

J. Endi Rukmo,
Amanda Lonsdale,
Trisanti Mitayani, and
M. Endah Setyorini

Under USAID Cooperative Agreement No.:
497-A-00-00-00044-00

**“Building Institutions for Good Governance”
Local Government Support and
Partnership Program
in Indonesia**

USAID Quarterly Report – 1st Quarter 2001

January 1-March 31, 2001

Table of Contents

I. Introduction	1
II. Major Accomplishments This Quarter.....	2
A. Project Administration.....	2
B. Program Activities and Management – Progress and Highlights.....	2
C. Challenges/ Issues of Concern Affecting Implementation and Actions Taken.....	3
D. Projected Activities for the Next Quarter	3

Annexes:

- Annex 1: Financial Information (4th Quarter 2000 and 1st Quarter 2001)
- Annex 2: Association And Local Government MOUS
- Annex 3: Local Government Diagnostics
- Annex 4: Manila Association Capacity Building Conference Materials
- Annex 5: Association Milestone Indices
- Annex 6: East Kalimantan Background Material and Reports

I. Introduction

ICMA's Building Institutions for Good Governance (BIGG) Program project operates under USAID Strategic Objective 10: Decentralized, Participatory Local Government. To this end, it is designed to help USAID meet its four intermediate results (IRs):

- IR 1: Appropriate Environment Established to Enable Effective Local Government
- IR 2: Local Government Capacity Strengthened to Deliver Effective Services
- IR 3: Participation Increased in Local Government Decision-Making
- IR 4: Associations of Local Governments and Officials Established as Advocates

The second full quarter of operation saw MOUs signed with and diagnostics conducted on 7 local governments that will be involved in the first round of Resource Cities Partnerships. In addition, ICMA conducted several meetings with the 3 associations of local government units, both individually and collectively in an effort to set up the work for ICMA's Association Expert to work with the associations to build their capacity.

II. Major Accomplishments This Quarter

A. Project Administration

A.1 Project Workplan

A workplan and addendum were submitted in late January. Progress on individual workplan objectives is discussed below.

A.2 Administration and Finance

- ICMA Asia Program Manager Amanda Lonsdale arrived at post on January 20, 2001
- 4 new staff members were hired during this quarter:

Kemal Taruc:	Partnership Manager and Training Expert
Dwi Widiastuti:	Partnership Manager and Information Dissemination/Communications expert
Elly Ismayani:	Program Assistant for Resource Cities
Rury Mijilenggonowati:	Cooperative Agreement Secretary

B. Program Activities and Management – Progress and Highlights

B.1 Resource Cities – Indonesia

- ICMA finalized MOUs with all 7 local governments during this quarter (copies attached).
 - Kota Balikpapan signed February 27, 2001¹
 - Kabupaten Bandung signed February 9, 2001
 - Kota Bekasi signed March 7, 2001
 - Kota Bitung signed February 20, 2001
 - Kabupaten Kutai signed February 27, 2001
 - Kabupaten Pasir signed February 27, 2001
 - Kota Samarinda signed February 27, 2001
- ICMA conducted diagnostics on all 7 local governments in order to determine areas of focus for the partnerships and key characteristics for potential partners (copies attached). The diagnostic team was comprised of Jon Bormet - Director of the International Resource Cities Program, Deborah Kimble – Senior Advisor for Municipal Governance and Management, Endi Rukmo, and Trisanti Mitayani.
 - Kota Balikpapan conducted March 19-20, 2001

¹ MOUs with the four local governments in East Kalimantan – Balikpapan, Kutai, Pasir and Samarinda – were signed in a joint ceremony witnessed by the Governor of East Kalimantan and Jessica McKenna of USAID/DLG.

- Kabupaten Bandung conducted March 13-14, 2001
- Kota Bekasi conducted April 4-6, 2001
- Kota Bitung conducted March 15-16, 2001
- Kabupaten Kutai conducted March 28-29, 2001
- Kabupaten Pasir conducted March 19-20, 2001
- Kota Samarinda conducted March 21-22, 2001

A summary of findings is as follows:

RESOURCE CITIES FINDINGS ANALYSIS

UNITS OF GOVERNMENT ▸ CORNERSTONES ▼	Bitung	Bekasi	Bandung
Expected Results	Port of Bitung Development as it will involve transportation, land use and zoning, redevelopment, job training and citizen participation.	Transportation and environmental management concerning to the pollution caused by industries and solid waste management.	Agri-Business and Tourism Development and other related sector such as tourism development plan, Intergovernmental Coordination and Relations, Budget and Financial Management
Suggested US Match	Cities of Olympia/Lacey and the Port Authority, Washington	City of Tigard/Washington County, Oregon (suburban Portland)	County of Eugene, Oregon
Organizational Capacity	Develop management to rearrange few defined responsibilities	Considerably, the skill level of management is higher than other cities	<ul style="list-style-type: none"> ▲ Management of revenues ▲ Upgrade the role of financial officer and his position ▲ Link service delivery and the overall development plan
Transparent Budget and Financial System and Practices	<ul style="list-style-type: none"> ▲ Develop long-term revenue and expenditure plan for fiscal sustainability ▲ Develop revenue-generating schemes that can are tied to and demonstrate performance ▲ Computerization of the department 	Know and learn faster in using double-entry system of budgeting as it is required for the future budget evaluation and reporting. Also, the problem of using and understand the system is required by the local council members.	<ul style="list-style-type: none"> ▲ Develop a long-term revenue and expenditure plan for fiscal sustainability ▲ Develop revenue-generating schemes that can are tied to and demonstrate performance ▲ Computerization of the department/unit
Efficient Service Delivery	Develop supervisory practices, maintaining performance reports, and monitoring staff performance	<ul style="list-style-type: none"> ▲ Transportation management ▲ Solid waste management 	Develop supervisory practices, maintaining performance reports, and monitoring staff performance in promoting tourism and agri-business development.
Effective Citizen Participation	Develop system that could build a culture of citizen involvement as it will take a long and dedicated effort on the behalf of elected and appointed officials	Develop systems in each of the recommended residents and local non-governmental organizations who are concerned the city development and how to make a better service	Involve citizen in more of the policy and decisions-making practices with both the county council and the executive offices

EAST KALIMANTAN RESOURCE CITIES FINDINGS ANALYSIS

UNITS OF GOVERNMENT ▶ CORNERSTONES ▼	Balikpapan	Samarinda	Kutai Kabupaten	Pasir Kabupaten
Expected Results	<ul style="list-style-type: none"> ▶ Formulating effective environmental regulatory ordinances (Local regulations) that address the flooding and water concerns ▶ Creation and enforcement of a comprehensive permitting process that results in better coordination of public improvements 	<ul style="list-style-type: none"> ▶ Securing the revenues from the central government ▶ Defining the actual authority of local government as it relates to management of natural resources ▶ Partnership with local institutions for small business economic development training and/or certificate. 	<ul style="list-style-type: none"> ▶ Environmental clean-up of the river ▶ Land development and land control policies ▶ Balanced investment strategies 	<ul style="list-style-type: none"> ▶ Stabilizing community relations among ethnic groups and industry; ▶ Protecting natural resources for both environmental and economic reasons
Suggested US Match	Tacoma, Washington/ Puget Sound Authority	Cities of Battle Ground/Camas and Vancouver County, or Clark County, Washington		Jackson County, Oregon
Organizational Capacity	<ul style="list-style-type: none"> ▶ Structural reorganization of drainage system maintenance ▶ Conducting a comprehensive environmental impact analysis 	<ul style="list-style-type: none"> ▶ Ability to negotiate with central government ministries on issues related to the protection of natural resources ▶ Creating a labor force skill building program [citizens and staff] to enhance economic development opportunities 	<ul style="list-style-type: none"> ▶ Develop intergovernmental working relations for purposes of developing a comprehensive pollution control plan ▶ Developing DPRD's skills in intergovernmental cooperation 	<ul style="list-style-type: none"> ▶ New analytical skills that correspond to new autonomy responsibilities ▶ Building citizen involvement programs that contribute to community consensus

UNITS OF GOVERNMENT ▸ CORNERSTONES ▾	Balikpapan	Samarinda	Kutai Kabupaten	Pasir Kabupaten
Budget and Financial Management	<ul style="list-style-type: none"> Development of a budget that allows for the operation, developmental and maintenance cost of an effective drainage system 	<ul style="list-style-type: none"> Lobbying Jakarta for timely and accurate transfer of funds Identifying and analyzing local revenue base Revenue forecasting for use in analysis of capital budget. Performance based budgeting Adoption of a double entry accounting system 	<ul style="list-style-type: none"> Estimating tax revenues from all sources Improve revenue collection Conduct a revenue analysis for purposes of developing a Investment Strategy to attract new business 	<ul style="list-style-type: none"> Developing a long term revenue and expenditure plan Performance based revenue generating scheme
Citizen Participation	<ul style="list-style-type: none"> Citizen involvement in transfer of leadership 	<ul style="list-style-type: none"> Developing a program for citizen based budgeting Transparent practices in communicating results of performance based budgeting 		<ul style="list-style-type: none"> Conducting community dialogue
Urban Service and Environmental Management	<ul style="list-style-type: none"> Effective development ordinances that address flood control and protection of water sources 	<ul style="list-style-type: none"> Adopting a natural resource management plan and program 	<ul style="list-style-type: none"> Adopting a regional pollution control plan Creating an investment strategy that benefits low income/low skilled citizens 	

- ICMA began active recruitment for US partner cities. In the interest of creating maximum potential for synergy and collaboration, cities in the same region - Washington and Oregon - will be targeted. Jon Bormet will lead the recruitment efforts.

B.2 Association Development

- ICMA convened two meetings of all three associations representing local government units: *Asosiasi Pemerintah Kota Seluruh Indonesia (APEKSI)*, *Asosiasi Pemerintah Kabupaten Seluruh Indonesia (APKASI)*, and *Asosiasi Pemerintah Propinsi Seluruh Indonesia (APPSI)*.
- The *Asosiasi* completed a self-evaluation process – the “Milestone Index”, which will serve as the basis for measuring their progress throughout the duration of the Cooperative Agreement and beyond (attached).
- ICMA signed MOUs with all three associations (attached)
- ICMA sponsored a study tour for staff of the three associations to participate in the Association Capacity Building conference in Manila, Philippines (report attached). Based on their experiences at the conference, the three local government associations developed the following areas for focus/dedication of resources. ICMA will work with the associations to help them define their agendas more clearly:

Association	Areas of focus/impressions
APPSI	<ul style="list-style-type: none"> • Encouraged to form institution/organization and work process by elaborating best experiences; • Spur the effort to provide availability of facilities to improve and for the capacity of institutional management concerning with both external and internal service; • Getting to know about technology and art in implementing association's program in both of human resources funding and financial management; • Getting informed on ways to propose and adopt practices of foreign aid/project that is managed by association.

<p>APEKSI</p>	<ul style="list-style-type: none"> • The conference is useful to exchange experiences with executive officers of government associations in Asia Pacific countries in establishing capability of the association to participate in society development process in developing countries; • Obtaining information related with global issues and demands of democracy in widely optimizing people participation; • Having a direct view on practical approach that has been successfully applied by government association in Philippine, mainly in actualizing participative management in democratic government; • Building opportunities of cooperation among associations or donors that have common vision and mission in boosting democracy in government.
<p>APKASI</p>	<ul style="list-style-type: none"> • Considering that it was the first time for APKASI to attend the conference arranged by IULA-ASPAC, therefore we could not make any comparison to previous conferences yet; • However, the materials presented were very useful for this newly formed APKASI, especially the progresses achieved by Philippine in developing all of its organization associations such as LMP, LCP and other implemented ACB programs. The same thing is expected to be realized in the future to improve the capability of Local Government association in Indonesia. Actually, we need not to hear only the success story, but also the failures and obstacles; • Discussion on cooperation among Local Government Associations need to be arranged, for the sake of concrete things to be performed as the result of the conference that has been elaborately arranged. Also forms of cooperation with donor recipient

	organizations.
--	----------------

B.3 Information Dissemination/Innovative Practices

Activities under this subtask will begin next quarter.

B.4 Local Government Training

Activities under this subtask will begin next quarter.

C. Challenges/ Issues of Concern Affecting Implementation and Actions Taken

- It has been more difficult than originally anticipated to find matches for Indonesian cities due to the political situation in Indonesia and the media reports of violence and instability received in the US. To mitigate this situation, ICMA has devoted its Director of the International Resource Cities, as well as its Senior Municipal Advisor for Municipal Governance, and its West Coast Liaison to make a strong recruiting effort. We anticipate being able to match and initiate the exchanges for some or all of the local governments in the next quarter.
- The reduced availability of key consultants during this quarter has led to slower progress on some of the workplan benchmarks, particularly with the associations. To remedy this situation, ICMA-Jakarta staff will become more actively involved in technical work with the associations (note that during this quarter, there are two additional technical personnel). In addition, it will be possible to program consultants further in advance, due to the development of workplans for all of the associations (To be prepared at the beginning of the next quarter).

D. Projected Activities for the Next Quarter

D.1 Project Workplan

- Revise workplan to reflect more accurate dates for achievement of benchmarks. Revise any benchmarks based on work with associations.
- In conjunction with the Task Order, develop a Monitoring and Evaluation system

D.2 Administration and Finance

- Hire new staff – Accountant and part-time interpreter

D.3 Resource Cities – Indonesia

- Selection of US partner cities for all Indonesian local governments
- Initial exchanges for 4 of 6 partnerships
- Selection of partner for first association partnership

D.4 Association Development

- Review and discussion of relevant aspects of the workplan with local government associations
- Conduct advocacy workshop for all 3 associations to enable them to develop strong positions on pending amendments to relevant legislation (particularly the proposed changes to *Dana Alokasi Umum (DAU)* or General Allocation Fund)
- Conduct a second seminar inviting members of all three associations to discuss their positions on the changes pending. This seminar will also afford the associations an opportunity to make their presence felt with their members.
- Conduct half-day training sessions on items prioritized by associations (i.e., personnel policies and determining member benefits)
- Prepare for training sessions to be held in July/August on Communications and Needs Assessment
- Find a US association to partner with the three Indonesian associations in the areas of advocacy, organizational development, communications (final focus to be determined by partners)
- Select association representatives to the ICMA Conference
- Participate in Training of Trainers Session sponsored by the Task Order (1-2 representatives from each association)
- Select participants for the ICMA conference

D.5 Information Dissemination/Innovative Practices

- Develop a template for identifying and collecting Innovative Practices
- Explore ways of communicating to local governments (through associations) via radio and other forms of mass media.
- Redesign and distribute brochures for all 3 associations

D.6 Local Government Training

- ICMA will conduct training on Budget and Financial Management for all 7 associations throughout the life of the Agreement. ICMA Cooperative Agreement staff and consultants will develop training materials in conjunction with the Task Order staff and consultants in order to achieve uniformity and maintain quality on both contracts. Training will be customized based on the individual needs of the local governments, with special emphasis on the focus of their partnerships. The first training for all of the local governments will take place May 22-23 in Jakarta.
- Besides the standard training on Budget and Financial Management offered to all local governments, ICMA staff and consultants will work with the governments in East Kalimantan to develop a pilot training program on intergovernmental relations (see description and reports attached).

Annex 1: Financial Information

Annex 2: Association And Local Government MOUS

Annex 3: Local Government Diagnostics

Annex 4: Manila Association Capacity Building Conference Materials

Annex 5: Association Milestone Indices

Annex 6: East Kalimantan Background Material and Reports